

Message Text

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PAGE 01 NEW DE 07111 171958Z
ACTION NEA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01
CIAE-00 COME-00 EPG-02 DODE-00 EB-07 FPC-01 H-01
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04
USIA-06 OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07
PA-01 PRS-01 /102 W
-----180519Z 045868 /12

R 171207Z MAY 77
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 3447
INFO AMEMBASSY JIDDA
AMCONSUL DHAHRAN
AMCONSUL BOMBAY
AMCONSUL CALCUTTA
AMCONSUL MADRAS

LIMITED OFFICIAL USE NEW DELHI 7111

DEPT PLS PASS TO USGS, USBURMINES

E.O. 11652: NA
TAGU: ENRG IN
SUBJECT: NO AGREEMENT YET REACHED ON SAUDI CRUDE FOR INDIA

1. ACCORDING TO THE MAY 13, 1977 NEW DELHI EDITION OF THE TIMES OF INDIA, DESPITE NEGOTIATIONS DATING FROM OCTOBER 1976, NO AGREEMENT HAS YET BEEN REACHED TO SUPPLY INDIA WITH TWO MILLION METRIC TONS (MT) OF SAUDI ARABIAN CRUDE THIS YEAR. MEANWHILE, TO MAKE UP THE SHORTFALL, INDIA HAS BEEN FORCED TO LIFT ADDITIONAL CRUDE FROM IRAQ

AND IRAN AT A HIGHER PRICE. HOWEVER, THE ARTICLE STATES THAT INDIA IS MORE HOPEFUL OF RECEIVING SAUDI CRUDE DURING THE SECOND HALF OF THE YEAR WITH THE POSSIBLE TERMINATION OF THE TWO-TIER PRICE STRUCTURE.

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2. THE PRESS ATTRIBUTED THE DELAY IN SIGNING AN AGREEMENT TO THE LOW POLITICAL PRIORITY THE SAUDI GOVERNMENT ATTACHES TO INDIA WHILE PLAYING FAVORITES WITH THE US. THE ARTICLE ALSO CLAIMS SAUDI CRUDE IS BEING SOLD BY MIDDLE MEN AT A PREMIUM ABOVE THE OFFICIAL SAUDI PRICE OF \$12.09 PER BARREL WITH THE TACIT APPROVAL OF THE GOVERNMENT.

3. COMMENT: BEGIN LIMITED OFFICIAL USE: INDIAN IMPORTS OF CRUDE
OIL FROM SAUDIA ARABIA AMOUNTED TO 1.1 MILLION METRIC TONS(MT) ANNUALLY

DURING 1974-1976 ON A GOVERNMENT TO GOVERNMENT BASIS, BUT WE ARE
TOLD THAT THESE SUPPLIES WERE MADE ONLY UNDER CONSIDERABLE PRE-
SSURE FROM INDIA. IN ADDITION, THE EXXON AGREEMENT PROVIDED FOR
2.75 MILLION MT PER ANNUM UP TO THE END OF 1976 AND 1.375 MILLION
MT PER ANNUM UNTIL ITS EXPIRATION IN MARCH 1981. HOWEVER, ACCORDING
TO THE CALTEX REP EXXON IN UNLIKELY TO PROVIDE ANY CRUDE THIS
YEAR DUE TO SUPPLY PROBLEMS. TO MEET SOME OF INDIA'S SHORTFALL
THE GOI HAS TURNED TO CALTEX WHICH HAS AGREED
TO PROVIDE 200,000 MT IN JUNE 1977 (100,000 MT OF IRANIAN LIGHT;
80,000 MT ARABIAN LIGHT; AND 20,000 MT ARABIAN HEAVY) IN ADDITION
TO 50,000 MT OF ARABIAN LIGHT SUPPLIED EARLIER. WITH THE TAKEOVER
OF CALTEX IN DECEMBER 1976, THERE WAS A MUTUAL UNDERSTANDING
THAT THE COMPANY WOULD SUPPLY UP TO 1.25 MILLION MT PER ANNUM
FOR FIVE YEARS, ALTHOUGH NO ACTUAL CRUDE AGREEMENT HAS YET BEEN
SIGNED BETWEEN CALTEX AND THE GOI ACCORDING TO THE CALTEX REP.
IN ADDITION TO THE 0.250 MILLION MT FROM CALTEX, THE ONLY OTHER
CRUDE IMPORTS REPORTEDLY SO FAR FINALIZED FOR 1977 INCLUDE
(FIGURES IN MILLION MT) USSR (FROM IRAQ) 1.0; IRAN 6.1
(INCLUDING 2.6 FROM NIOC); IRAQ 2.0; UAE 1.0 AND EGYPT
0.350. THE GOI IS ALSO EXPECTED TO LIFT IST ONE-SIXTH SHARE
OF APPROXIMATELY 0.50 MILLION MT FROM RUSTOM FIELDS IN IRAN
BRINGING THE TOTAL TO 11.2 MILLION MT LEAVING A SHORTFALL OF
ROUGHLY THREE MILLION MT AT THIS TIME.

4. FOR DHAHRAN: EMBASSY WOULD APPRECIATE ANY FEEDBACK ON
THESE DEVELOPMENTS. END LIMITED OFFICIAL USE.
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SCHNEIDER

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Control Number: n/a
Copy: SINGLE
Sent Date: 17-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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TAGS: ENRG, IN, SA
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